中州证券

Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name "中原证券股份有限公司" and carrying on business in Hong Kong as "中州证券")

(Stock Code: 01375)

CONNECTED TRANSACTION
ESTABLISHMENT OF HENAN AMC

CAPITAL CONTRIBUTION AGREEMENT

As at the date of this announcement, Central China Blue Ocean entered into the Capital Contribution Agreement with Henan Investment Group, Zhongyuan Trust, Henan Yicheng and Other Capital Contributors pursuant to which the Capital Contributors agreed to establish Henan AMC with a registered capital of RMB5 billion. Upon completion of the transaction contemplated under the Capital Contribution Agreement, the Group will, through Central China Blue Ocean, hold 10% of the equity interest in Henan AMC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Henan Investment Group holds approximately 20.975% of the issued share capital of the Company and is the largest substantial shareholder of the Company. Meanwhile, Henan Investment Group holds approximately 46.429% and 100%, respectively, of the equity interest in Zhongyuan Trust and Henan Yicheng, which in turn are the 30%-controlled company and the subsidiary, respectively, of Henan Investment Group, and thus are associates of Henan Investment Group pursuant to Rules 14A.13(3) and 14A.13(1), respectively, of the Listing Rules. Accordingly, Henan Investment Group, Zhongyuan Trust and Henan Yicheng are connected persons of the Company under Rule 14A.07(1) of the Listing Rules. The transaction contemplated under the Capital Contribution Agreement constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules.

Calculated with reference to the capital contribution amount of Central China Blue Ocean for Henan AMC, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the transaction contemplated under the Capital Contribution Agreement are more than 0.1% but less than 5%, the entering into of the Capital Contribution Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 July 2017 and 2 August 2017 in relation to the capital contribution for the establishment of Henan AMC. As at the date of this announcement, Central China Blue Ocean entered into the Capital Contribution Agreement with Henan Investment Group, Zhongyuan Trust, Henan Yicheng and Other Capital Contributors pursuant to which the Capital Contributors agreed to establish Henan AMC with a registered capital of RMB5 billion, within which Central China Blue Ocean will contribute RMB500 million and hold 10% of the equity interest in Henan AMC upon completion of the capital contribution.

MAJOR TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT

The major terms of the Capital Contribution Agreement are set out as follows:

Date : 3 August 2017

Parties :

(i) Central China Blue Ocean;

(ii) Henan Investment Group, Zhongyuan Trust, Henan Yicheng; and

(iii) Other Capital Contributors

BASIC INFORMATION OF HENAN AMC

Proposed name : Henan Asset Management Company Limited* (河南資產管理有限公司) (subject to the final approval from Henan Administration for Industry and Commerce with the pre-approved name as the actual name)

Organisation form : limited liability company

Objectives : Adhering to the missions of achieving better financial ecosystem to drive the state-owned enterprise reform and inspire the energy of the economy and the market, and leveraging on its advantages in terms of profession, policies and resources, it develops one-stop and tailored risk solution and integrated financial services for financial institutions, state-owned enterprises and private enterprises. In addition, it aim to forge itself as a famous integrated service provider of non-performing assets and an outstanding provider of integrated financial service by achieving consolidation of resources through market-oriented approach, optimising the layout of state-owned assets, enhancing corporate value and supporting economic and social development

Business scope : Acquisition, management and disposal of non-performing assets; investment and asset management; private equity fund management; equity custodian management and entrusted asset management; management services for corporate insolvency and liquidation; services for corporate merger and acquisition, services for corporate listing and restructuring; consultation services for financial, investment, legal and risk management (excluding securities and futures) (based on registration with industrial and commercial authorities)

CAPITAL CONTRIBUTION OF HENAN AMC

The registered capital of Henan AMC will be RMB5 billion. Details of the Capital Contributors, forms of contribution and their amounts of capital contribution at the establishment of Henan AMC and percentage of equity interest following the capital contribution are listed below:

Name of Capital Contributors	Form of Contribution	Amount of capital contribution (RMB million)	As a percentage of equity interest following the capital contribution (%)
Henan Investment Group	Cash	1,950	39
Central China Blue Ocean	Cash	500	10
Dahe Media	Cash	500	10
Guotou Asset Management	Cash	500	10
Zhongyuan Expressway	Cash	500	10
Zhongyuan Trust	Cash	500	10
Henan Yicheng	Cash	250	5
CCRE China	Cash	250	5
Henan Rural Credit Union	Cash	50	1
Total		**5,000**	**100**

The Capital Contribution shall pay their respective amount of capital contribution in two instalments: (i) the first instalment (i.e. 25% of the amount of capital contribution) shall be paid before 25 August 2017; (ii) the second instalment (i.e. the remaining 75% of the amount of the capital contribution) shall be paid before 31 December 2017.

The capital contribution amount of Central China Blue Ocean will be funded by internal resources of the Group. Upon the completion of the transaction contemplated under the Capital Contribution Agreement, the Group will, through Central China Blue Ocean, hold 10% of the equity interest in Henan AMC.

THE COMPOSITION OF HENAN AMC

The board of directors of Henan AMC shall comprise nine directors, three of whom shall be recommended by Henan Investment Group, and five directors shall be recommended by each of Central China Blue Ocean, Dahe Media, Goutou Asset Management, Zhongyuan Expressway and Zhonguan Trust, respectively. The remaining one director shall be elected through a democratic way by the employees of Henan AMC. The chairman of the board of directors of Henan AMC shall be recommended by Henan Investment Group and elected by all directors. The term of office of the directors of Henan AMC shall be three years and is renewable upon re-election.

The supervisory committee of Henan AMC shall comprise five supervisors, three of whom are recommended by each of, Henan Investment Group, Henan Yicheng and CCRE China. The remaining two shall be elected through a democratic way by the employees of Henan AMC. The directors and senior management of Henan AMC shall not be its supervisors.

One general manager (president) of Henan AMC shall be elected through market-oriented approach and shall be appointed or dismissed by the board of directors of Henan AMC. The term of office of the general manager (president) shall be three years and is renewable upon re-election and appointment by the board of directors of Henan AMC. A financial officer of Henan AMC shall be nominated by the general manager (president) and shall be appointed or dismissed by the board of directors of Henan AMC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

Henan AMC is a local asset management company principally engaged in the provision of integrated financial services based on non-performing assets through various means such as investment in equity and debentures, debt-equity swaps, fund management, investment in investment banks for asset appreciation and gains from enhanced value. Complementing the businesses of the Group, Henan AMC is expected to have further cooperation with us in the areas of investment banking, asset management, fund management and asset securitization.

The Directors (excluding Mr. Li Xingjia who is required to abstain from voting on the relevant Board resolutions but including the independent non-executive Directors) are of the view that the terms of the Capital Contribution Agreement are normal commercial terms and are fair and reasonable and that the entering into of the Capital Contribution Agreement is in the interests of the Group and the Shareholders as a whole.

As Mr. Li Xingjia, the non-executive Director, also serves as a director of Henan Investment Group, which is a connected person of the Company, he is regarded as being interested in the transaction contemplated under the Capital Contribution Agreement and thus has abstained from voting on the relevant Board resolutions. Save as mentioned above, none of the Directors has any material interest in the transaction contemplated under the Capital Contribution Agreement and thus be required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE COMPANY, CENTRAL CHINA BLUE OCEAN, HENAN INVESTMENT GROUP, ZHONGYUAN TRUST, HENNAN YICHENG AND OTHER CAPITAL CONTRIBUTORS

The Company

The Company is a leading securities firm in the Henan Province with a full-service business platform and strategic presence in the PRC, which principally engages in, among others, the brokerage, investment banking, investment management and proprietary trading businesses.

Central China Blue Ocean

Central China Blue Ocean is a company established under the laws of the PRC and is principally engaged in investment in financial products, investment in securities and investment management, etc.

Henan Investment Group

Henan Investment Group is a wholly state-owned enterprise, which is a provincial government investment and financial entity established under the approval of the Henan Provincial Government for promoting economic development in the Henan Province in order to conform with the investment and financing systems reform requirements in the PRC. It is the largest substantial shareholder and a connected person of the Company.

Zhongyuan Trust

Zhongyuan Trust is a limited liability company established in the PRC. It is principally engaged in businesses of trust and investment fund and is a connected person of the Company.

Henan Yicheng

Henan Yicheng is a limited liability company established in the PRC. It is principally engaged in businesses of industrial investment with its own funds and investment management and is a connected person of the Company.

Dahe Media

Dahe Media is a limited liability company established in the PRC and is principally engaged in the business of investment in media industry.

Guotou Asset Management

Guotou Asset Management is a whole people-owned enterprise (全民所有制公司) established in the PRC and is principally engaged in businesses of asset management and asset restructuring.

Zhongyuan Expressway

Zhongyuan Expressway is a joint stock limited company established in the PRC and is principally engaged in the businesses of investment, operation, management and maintenance relating to transportation infrastructure projects.

CCRE China

CCRE China is a limited liability company established in the PRC. It is principally engaged in the real estate development, sales and investment in Henan Province, the PRC and is an indirect wholly-owned subsidiary of Central China Real Estate as at the date of this announcement.

Henan Rural Credit Union

Henan Rural Credit Union is a joint-stock cooperative enterprise established (股份合作制公司) in the PRC and is principally engaged in financial services.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, Other Capital Contributors and their respective ultimate beneficial owners are all third parties independent of the Company and the connected persons of the Company.

LISTING RULES IMPLICATIONS

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Rules. Accordingly, Henan Investment Group, Zhongyuan Trust and Henan Yicheng are connected persons of the Company under Rule 14A.07(1) of the Listing Rules. The transaction contemplated under the Capital Contribution Agreement constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules.

Calculated with reference to the capital contribution amount of Central China Blue Ocean for the Henan AMC, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the transaction contemplated under the Capital Contribution Agreement are more than 0.1% but less than 5%, the entering into of the Capital Contribution Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"30%-controlled company"	has the same meaning as ascribed to this term under the Listing Rules
"A Shares"	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Shanghai Stock Exchange
"associate"	has the same meaning as ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Capital Contribution Agreement"	the Henan Asset Management Company Capital Contribution Agreement (《河南資產管理公司出資協議》) entered into by Central China Blue Ocean, Henan Investment Group, Zhongyuan Trust, Henan Yicheng and Other Capital Contributors on the date of the Capital Contribution Agreement
"Capital Contributors"	the capital contributors of Henan AMC , being Central China Blue Ocean, Henan Investment Group, Zhongyuan Trust, Henan Yicheng and Other Capital Contributors
"CCRE China"	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Central China Real Estate as at the date of this announcement
"Central China Blue Ocean"	Central China Blue Ocean Investment Management Company Limited* (中州藍海投資管理有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company

"Central China Real Estate"	Central China Real Estate Limited* (建業地產股份有公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00832)
"Company"	Central China Securities Co., Ltd. (中原证券股份有限公司) (carrying on business in Hong Kong as "中州证券"), a joint stock company incorporated on 8 November 2002 in Henan Province, the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01375) and the Shanghai Stock Exchange (stock code: 601375), respectively
"connected person(s)"	has the same meaning as ascribed to this term under the Listing Rules
"connected transaction"	has the same meaning as ascribed to this term under the Listing Rules
"Dahe Media"	Dahe Media Investment Company Limited* (大河傳媒投資有限公司), a limited liability company established in the PRC
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Guotou Asset Management"	Guotou Asset Management Limited* (國投資產管理公司), a whole people-owned enterprise (全民所有制公司) established in the PRC
"H Shares"	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
"Henan AMC "	a limited liability company to be established in the PRC with the proposed name as Henan Asset Management Company Limited* (河南資產管理有限公司) (subject to the final approval from Henan Administration for Industry and Commerce with the pre-approved name as the actual name)
"Henan Investment Group"	Henan Investment Group Company Limited* (河南投資集團有限公司), a limited liability company incorporated in the PRC, which, as at the date of this announcement, is the largest substantial shareholder of the Company holding approximately 20.975% of the issued share capital of the Company
"Henan Yicheng"	Henan Yicheng Holdings Company Limited* (河南頤城控股有限公司), a limited liability company incorporated in the PRC, a wholly-owned subsidiary of Henan Investment Group as at the date of this announcement and is an associate of Henan Investment Group and a connected person of the Company.
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Other Capital Contributors"	Dahe Media, Guotou Asset Management, Zhongyuan Expressway, CCRE China and Henan Rural Credit Union
"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the same meaning as ascribed to this term under the Listing Rules
"substantial shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"Zhongyuan Expressway"	Henan Zhongyuan Expressway Co., Ltd.* (河南中原高速公路股份有限公司), a joint stock limited company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600020)
"Zhongyuan Trust"	Zhongyuan Trust Company Limited* (中原信託有限公司), a limited liability company incorporated in the PRC, which is held by Zhongyuan Expressway and Henan Investment Group as to approximately 31.910% and approximately 46.429%, respectively, of its equity interest as at the date of this announcement and is an associate of Henan Investment Group and a connected person of the Company
"%"	per cent

By Order of the Board
Central China Securities Co., Ltd.
Jian Mingjun
Chairman

Henan, the PRC
3 August 2017

As at the date of this announcement, the Board comprises executive Directors Mr. JIAN Mingjun and Mr. ZHOU Xiaoquan, non-executive Directors Mr. LI Xingjia, Mr. WANG Lixin, Mr. ZHANG Qiang, Mr. ZHANG Xiaoqi and Mr. YU Zeyang, and independent non-executive Directors Mr. YUAN Dejun, Mr. YUEN Chi Wai, Mr. NING Jincheng and Mr. YU Xugang.

* *For identification purposes only*